

EHB 3142 - S COMM AMD

By Committee on Consumer Protection & Housing

ADOPTED 03/06/2008

1 Strike everything after the enacting clause and insert the
2 following:

3 "Sec. 1. RCW 43.185A.110 and 2007 c 428 s 2 are each amended to
4 read as follows:

5 (1) The affordable housing land acquisition revolving loan fund
6 program is created in the department to assist eligible organizations,
7 described under RCW 43.185A.040, to purchase land for affordable
8 housing development. The department shall contract with the Washington
9 state housing finance commission to administer the affordable housing
10 land acquisition revolving loan fund program. Within this program, the
11 Washington state housing finance commission shall establish and
12 administer the Washington state housing finance commission land
13 acquisition revolving loan fund.

14 (2) As used in this chapter, "market rate" means the current
15 average market interest rate that is determined at the time any
16 individual loan is closed upon using a widely recognized current market
17 interest rate measurement to be selected for use by the Washington
18 state housing finance commission with the department's approval. This
19 interest rate must be noted in an attachment to the closing documents
20 for each loan.

21 (3) Under the affordable housing land acquisition revolving loan
22 fund program:

23 (a) Loans may be made to purchase land on which to develop
24 affordable housing. In addition to affordable housing, facilities
25 intended to provide supportive services to affordable housing residents
26 and low-income households in the nearby community may be developed on
27 the land.

28 (b) Eligible organizations applying for a loan must include in the
29 loan application a proposed affordable housing development plan
30 indicating the number of affordable housing units planned, a

1 description of any other facilities being considered for the property,
2 and an estimated timeline for completion of the development. The
3 Washington state housing finance commission may require additional
4 information from loan applicants and may consider the efficient use of
5 land, project readiness, organizational capacity, and other factors as
6 criteria in awarding loans.

7 (c) Forty percent of the loans shall go to eligible applicants
8 operating homeownership programs for low-income households in which the
9 households participate in the construction of their homes. Sixty
10 percent of loans shall go to other eligible organizations. If the
11 entire forty percent for applicants operating self-help homeownership
12 programs cannot be lent to these types of applicants, the remainder
13 shall be lent to other eligible organizations.

14 (d) Within five years of receiving a loan, a loan recipient must
15 present the Washington state housing finance commission with an updated
16 development plan, including a proposed development design, committed
17 and anticipated additional financial resources to be dedicated to the
18 development, and an estimated development schedule, which indicates
19 completion of the development within eight years of loan receipt. This
20 updated development plan must be substantially consistent with the
21 development plan submitted as part of the original loan application as
22 required in (b) of this subsection.

23 (e) Within eight years of receiving a loan, a loan recipient must
24 develop affordable housing on the property for which the loan was made
25 and place the affordable housing into service.

26 (f) A loan recipient must preserve the affordable rental housing
27 developed on the property acquired under this section as affordable
28 housing for a minimum of thirty years.

29 (4) If a loan recipient does not place affordable housing into
30 service on a property for which a loan has been received under this
31 section within the eight-year period specified in subsection (3)(e) of
32 this section, or if a loan recipient fails to use the property for the
33 intended affordable housing purpose consistent with the loan
34 recipient's original affordable housing development plan, then the loan
35 recipient must pay to the Washington state housing finance commission
36 an amount consisting of the principal of the original loan plus
37 compounded interest calculated at the current market rate. The
38 Washington state housing finance commission shall develop guidelines

1 for the time period in which this repayment must take place, which must
2 be noted in the original loan agreement. The Washington state housing
3 finance commission may grant a partial or total exemption from this
4 repayment requirement if it determines that a development is
5 substantially complete or that the property has been substantially used
6 in keeping with the original affordable housing purpose of the loan.
7 Any repayment funds received as a result of noncompliance with loan
8 requirements shall be deposited into the Washington state housing
9 finance commission land acquisition revolving loan fund for the
10 purposes of the affordable housing land acquisition revolving loan fund
11 program.

12 (5) The Washington state housing finance commission, with approval
13 from the department, may adopt guidelines and requirements that are
14 necessary to administer the affordable housing land acquisition
15 revolving loan fund program.

16 (6) Interest rates on property loans granted under this section may
17 not exceed one percent. All loan repayment moneys received shall be
18 deposited into the Washington state housing finance commission
19 affordable housing land acquisition revolving loan fund for the
20 purposes of the affordable housing land acquisition revolving loan fund
21 program.

22 (7) The Washington state housing finance commission must develop
23 performance measures for the program, which must be approved by the
24 department, including, at a minimum, measures related to:

25 (a) The ability of eligible organizations to access land for
26 affordable housing development;

27 (b) The total number of dwelling units by housing type and the
28 total number of (~~very~~) low-income households and persons served; and

29 (c) The financial efficiency of the program as demonstrated by
30 factors, including the cost per unit developed for affordable housing
31 units in different areas of the state and a measure of the effective
32 use of funds to produce the greatest number of units for low-income
33 households.

34 (8) By December 1st of each year, beginning in 2007, the Washington
35 state housing finance commission shall report to the department and the
36 appropriate committees of the legislature using, at a minimum, the
37 performance measures developed under subsection (7) of this section.

1 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.185A
2 RCW to read as follows:

3 (1) The affordable housing and community facilities rapid response
4 loan program is created in the department to assist eligible
5 organizations, described under RCW 43.185A.040, to purchase land or
6 real property for affordable housing and community facilities
7 preservation or development in rapidly gentrifying neighborhoods or
8 communities with a significant low-income population that is threatened
9 with displacement by such gentrification. The department shall
10 contract with the Washington state housing finance commission to
11 establish and administer the program.

12 (2) Loans or grants may be made through the affordable housing and
13 community facilities rapid response loan program to purchase land or
14 real property for the preservation or development of affordable housing
15 or community facilities, including reasonable costs and fees.

16 (3) The Washington state housing finance commission, with approval
17 from the department, may adopt guidelines and requirements that are
18 necessary to administer the affordable housing and community facilities
19 rapid response loan program.

20 (4) A loan or grant recipient must preserve affordable rental
21 housing acquired or developed under this section as affordable housing
22 for a minimum of thirty years.

23 (5) Interest rates on loans made under this section may be as low
24 as zero percent but may not exceed three percent. All loan repayment
25 moneys received must be deposited into a program account established by
26 the Washington state housing finance commission for the purpose of
27 making new loans and grants under this section.

28 (6) By December 1st of each year, beginning in 2008, the Washington
29 state housing finance commission shall report to the department and the
30 appropriate committees of the legislature: The number of loans and
31 grants that were made in the program; for what purposes the loans and
32 grants were made; to whom the loans and grants were made; and when the
33 loans are expected to be paid back."

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1 On page 1, line 1 of the title, after "programs;" strike the
2 remainder of the title and insert "amending RCW 43.185A.110; and adding
3 a new section to chapter 43.185A RCW."

EFFECT: The Rapid Response Program is to be administered by the
Washington State Housing Finance Commission.
The null and void clause is removed.

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